

Attachment: Notes on Project 34.894

p. 1, para. 1, last sentence

Assumes that cost and price are separate entities, whereas in reality each comprises part of the other. What items included in social cost are excluded from price?

p. 1, Note 1

How far beyond the plant do social costs extend in the Soviet sense? Which indirect costs are included, in and out of the enterprise?

p. 1, Note 2

Why, however? Can you clarify?

pp. 1-7

Note suggestions for deletion. Restriction of paper to costs will facilitate additional deletions.

p. 4, Note

Drop or move to Glossary.

p. 5, B, first line

Value? or cost?

pp. 5-7, B

Save for use as conclusion of discussion of price.

p. 7, 2d full para.

Could not internal means such as low enterprise taxes and high regressive consumer taxes have been used to foster development?

p. 8, uses of cost

Not really a measure of value, but of output. This measure is used to develop indexes of production efficiency, which in turn are used for purposes of administrative control.

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p. 9, A

Western enterprises also distinguish between direct and indirect costs and in many cases only the latter are subject to control.

p. 1, 8a. 1, Basic materials

Are transportation and handling included or excluded?

p. 18 a, first note

What is an itemizative?

p. 19, last sentence

Incomplete. Has something been lost in typing?

p. 20, 7a

Compare with generalization on p. 9.

p. 20, 8

Also see p. 9. Is amortization a current operating expense? Why does energy appear both here and in item 2 above?

p. 25, first full para.

Garbled sentence.

p. 29, 1.5

Use noun form here.

p. 33, 1 & 2

Aren't 1 and 2 the same? 1 is an explanation for 2.

p. 38, paras. 2 & 3

Anticipates following sections. Drop or use as footnotes to E.1.

p. 39, 1st tabulation

Can you also present data to compare Machine Building with other producers goods industries and with light industry?

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p. 43

Note also wage differences.

p. 46, first note

Soviet attention to national security as well as to growth?

p. 54, continued sentence at top of p.

Garbled?

p. 54, l. 5

Enjoy a comparative disadvantage?

pp. 53-54

Other than the periodic review of norms and the general pressure to reduce them, are there any institutional incentives or other features that tend to reduce costs, raise them, or keep them constant? Is the normative process itself wholly administrative rather than market in nature? A short separate section on this subject might be useful.

p. 56, ll. 7-8

Major share, or largest single share?

p. 57, last line

Note change suggested for clarity.

p. 58, 8 ll. up

Should profit for a sales organization be subordinated to transportation charges?

p. 59

Oil and electric power prices. Selling price not clear. Are they sold at wholesale to industrial users and does this price differ from the price to household consumers? Do industrial users pay a turnover tax on power purchased from state regional power stations and if so, is it at the same rate as paid by household consumers?

p. 61

I shall be interested in seeing Section 4.

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pp. 64-68

Reads a little too much like a paraphrase of the new regulations.
Can you systemize further?

p. 74, end first para.

What kind of a balance?

pp. 83-84

1 July or 1 January 1950?

p. 84, last para.

Which ministry?

pp. 69-86

A good effort to work through a difficult and important problem. The reader should be given additional help for the postwar years on the net effect of cost and price changes by planning periods, followed by a summary. Since it may be difficult to bridge the war years, tabular summaries for the pre and postwar periods should be developed, if possible. Graphic presentation should also be explored.

p. 87, 1st sentence

Incomplete.

pp. 86-94

It is doubtful if this detailed discussion of the value theory should be retained, though a brief statement of the official policy position would fit into part C.

p. 95, para. 2

Can prices ever reflect the full social cost? Do they do so in the West?

p. 95, para. 3, second sentence

Exclusive of overhead? Don't costs also reflect the administrative character of raw material prices?

p. 98, ll. 5-7 up

Garbled sentence?

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p. 98

Conclusion not clear. Does the state try to recover all R & D cost in the pricing of new products? If so, is this recovery supposed to occur during the period of the temporary price? If not, how is recovery provided for? What attention is given to the pricing of new producer good items in such a way as to attract new users? Are the first purchasers protected from high amortization costs? Why is not R & D handled similarly to investment through the budget? More treatment of these subjects is needed on the relation of R & D to costs and prices.

p. 99, middle

Is the diminishing returns concept applicable?

pp. 106-107

As noted above, isn't this criticism one that could be applied both to the Soviet and the Western economies? Can't we conclude with a less theoretical and more pertinent comment which applies not to what the USSR pretends to be, or would like to be, but to what it is.

Appendix C

Plus R instead of minus R?